

# Report for the first quarter ended June 30, 2013



## Infosys Limited

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## Letter to the shareholder

Dear Shareholder,

We are pleased to announce our quarterly earnings for Q1 of fiscal 2013-14. It has been a quarter of encouraging growth. Our consolidated revenue for quarter ended June 30, 2013 stood at ₹11,267 crore with year-over-year growth of 17.2%. This represents consistent and sustained growth in a challenging operating environment.

The company's net profit after tax was ₹2,374 crore for the quarter, and Earnings Per Share (EPS) was ₹41.54. In U.S. dollars, we had revenues of \$1,991 million, a year-over-year growth rate of 13.6%.

Infosys and its subsidiaries added 66 new clients this quarter, increasing our total client base to 836. We now have 466 clients that contribute more than \$1 million in revenues, and 41 clients contributing more than \$50 million.

This quarter our revenues from the key geographies in which we operate stood as follows: North America, 61.4%; Europe, 23.6%; India, 2.6%; and, the Rest of the World, 12.4%.

Our current strategy aims at market opportunities in three revenue streams. First, winning large-revenue-yielding outsourcing projects in application development, maintenance, testing, BPO and infrastructure management. Second, in consulting-led, end-to-end solutions leveraging technology for higher margins. Third, developing intellectual property-based solutions to delink revenue from effort.

In Business IT services, we won seven large outsourcing deals. We announced a partnership with IPsoft to offer autonomics-based managed IT service to clients. IPsoft and Infosys will establish an Autonomics Center of Excellence and an Autonomics Lab at the Infosys Global Education Center in Mysore.

Our Consulting business grew by 5.5% and now contributes to 33.6% of Infosys revenues. Our products and platforms business also grew, with nine client wins for our Edge products and 15 wins for Finacle™. This quarter, 14 banks went live on Finacle™ across the Middle East, Africa, Asia and Central America. This includes the first Finacle™ customer in Mongolia and the first successful core banking implementation in recent times in Turkey.

We continue to invest in innovation with a focus on creating competitive advantages for our clients. During this quarter, we applied for 18 unique patents in India and the U.S. With this, we have 528 patent applications in various stages of the patent approval process in India, the U.S. and other jurisdictions. Further, we have been granted 106 patents by the United States Patent and Trademark Office and three patents by the Luxembourg Patent Office.

We continue to expand our Cloud business. Over the last quarter, we won 15 engagements for our Cloud services and Big Data solution. We were also invited to join the global Open Data Center Alliance (ODCA) as a contributing member to help define and strengthen worldwide industry standards to support enterprise cloud and big data requirements.

We added 10,138 employees (net addition of 575) this quarter, bringing the total employee strength for Infosys and its subsidiaries to 157,263 employees. We also announced a change in our salary structures and a compensation increase for our employees.

We continued to receive acknowledgement for our efforts from various stakeholders. We were awarded several global awards this quarter. The Infosys Engineering Services team emerged as a winner in the '2013 Simulating Reality' contest, organized by MSC Software, for its use of next-generation technologies for innovation in engineering design. Powered by Infosys AssistEdge, British Telecom's 'Seamless Desktop' program was awarded the prestigious 'Global Telecoms Business Innovation Award' for 2013 in the consumer service innovation category. We also won the 'IBM Smarter Commerce Business Partner of the Year Award' for Australia and New Zealand.

CorpU, a leading talent development insight and education provider in the United States, recognized our Connect Architecture program as an 'Exemplary' practice during the 14th annual CorpU Learning Excellence and Innovation Awards. In sustainability, we were named the '2013 Environmental Tracking (ET) Carbon Ranking Leader' for our greenhouse gas emissions and disclosure practices.

This quarter, the Board of Directors have appointed N. R. Narayana Murthy as Executive Chairman of the Board and Additional Director. K. V. Kamath has taken up the position of Lead Independent Director, and S. Gopalakrishnan has been designated as the Executive Vice Chairman. All these changes are effective as of June 1, 2013.

While the business environment continues to be challenging, our strategic initiatives continue to bear fruit. We are energized, enthused and cautiously optimistic about our future. As we enter Q2 of fiscal 2013-14, we look forward to your continued trust and support.

Bangalore  
July 12, 2013

S. D. Shibulal  
Chief Executive Officer and Managing Director

## Select Financial Data – IFRS (Consolidated)

The Securities and Exchange Board of India (SEBI) had on November 9, 2009 issued a press release permitting listed entities having subsidiaries to voluntarily submit their consolidated financial statements as per the IFRS. Further, the SEBI issued a circular, dated April 5, 2010, wherein the Listing Agreement has been modified to this effect from March 31, 2010. Consequent to this, the company has voluntarily prepared and published audited consolidated IFRS Financial Statements for the quarter ended June 30, 2013.

### Statement of Comprehensive Income

In ₹ crore, except per share data

	Quarter ended		Year-on-year growth (%)	Quarter ended March 31, 2013	Sequential growth (%)
	June 30, 2013	June 30, 2012			
Revenues	11,267	9,616	17.2%	10,454	7.8%
Cost of sales	7,319	5,810	26.0%	6,802	7.6%
Gross profit	3,948	3,806	3.7%	3,652	8.1%
<b>Operating expenses:</b>					
Selling and marketing expenses	584	469	24.5%	518	12.7%
Administrative expenses	700	644	8.7%	672	4.2%
Total operating expenses	1,284	1,113	15.4%	1,190	7.9%
Operating profit	2,664	2,693	(1.1%)	2,462	8.2%
Other income, net	577	476	21.2%	674	(14.4%)
Profit before income taxes	3,241	3,169	2.3%	3,136	3.3%
Income tax expense	867	880	(1.5%)	742	16.8%
Net profit	2,374	2,289	3.7%	2,394	(0.8%)
Earnings per equity share					
Basic (₹)	41.54	40.06	3.7%	41.89	(0.8%)
Diluted (₹)	41.54	40.06	3.7%	41.89	(0.8%)

### Balance Sheet data

in ₹ crore

	As at	
	June 30, 2013	March 31, 2013
Cash and cash equivalents <sup>(1)</sup>	21,120	21,832
Available-for-sale financial assets	2,964	2,133
Trade receivables	8,167	7,083
Property, plant and equipment	6,678	6,468
Other assets	9,354	8,835
Total assets	48,283	46,351
Total liabilities	7,708	6,554
Total equity	40,575	39,797
Total liabilities and equity	48,283	46,351

<sup>(1)</sup> Cash and cash equivalents include deposits with corporations

### Ratio analysis – IFRS (consolidated)

	Quarter ended		
	June 30, 2013	June 30, 2012	March 31, 2013
Cost of sales / total revenue (%)	65.0%	60.4%	65.1%
Gross profit / total revenue (%)	35.0%	39.6%	34.9%
Operating expenses / total revenue (%)	11.4%	11.6%	11.3%
Operating profit / total revenue (%)	23.6%	28.0%	23.6%
Tax / PBT (%)	26.8%	27.8%	23.7%
Days sales outstanding (DSO) (LTM)	71	70	64
Cash and cash equivalents / total assets (%) <sup>(1)</sup>	48.8%	52.0%	50.9%
ROCE (PBIT / average capital employed) (%) (LTM)	34.6%	40.6%	34.9%
Return on average invested capital (%) (LTM) <sup>(1)</sup>	53.4%	63.2%	55.6%

<sup>(1)</sup> Current portion of investments in available-for-sale financial assets, certificates of deposit, and investments in government bonds have been considered as cash and cash equivalents for the above ratio analysis.  
LTM: Last Twelve Months

## Select Financial Data – IFRS (Consolidated)

### Income statement

in US \$ million, except per share data

	Quarter ended		Year-on-year growth (%)	Quarter ended March 31, 2013	Sequential growth (%)
	June 30, 2013	June 30, 2012			
Revenues	\$1,991	\$1,752	13.6%	\$1,938	2.7%
Cost of sales	1,296	1,059	22.4%	1,261	2.8%
Gross profit	695	693	0.3%	677	2.7%
Operating expenses:					
Selling and marketing expenses	103	86	19.8%	96	7.3%
Administrative expenses	124	118	5.1%	124	–
Total operating expenses	227	204	11.3%	220	3.2%
Operating profit	468	489	(4.3%)	457	2.4%
Other income, net	103	87	18.4%	125	(17.6%)
Profit before income taxes	571	576	(0.9%)	582	(1.9%)
Income tax expense	153	160	(4.4%)	138	10.9%
Net profit	\$418	\$416	0.5%	\$444	(5.9%)
Earnings per equity share					
Basic (\$)	0.73	0.73	–	0.78	(6.4%)
Diluted (\$)	0.73	0.73	–	0.78	(6.4%)

### Balance Sheet data

in US \$ million

	As at	
	June 30, 2013	March 31, 2013
Cash and cash equivalents <sup>(1)</sup>	\$3,556	\$4,021
Available-for-sale financial assets	499	392
Trade receivables	1,375	1,305
Property, plant and equipment	1,124	1,191
Other assets	1,576	1,630
Total assets	\$8,130	\$8,539
Total liabilities	1,298	1,208
Total equity	6,832	7,331
Total liabilities and equity	\$8,130	\$8,539

<sup>(1)</sup> Cash and cash equivalents include deposits with corporations

## Additional Information

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The following information for the three months ended June 30, 2013 is available in the Investors' section of our website [www.infosys.com](http://www.infosys.com):

1. Audited Balance Sheet, Statement of Profit and Loss, Cash Flow statement, Significant accounting policies, and Notes on accounts for the three months ended June 30, 2013, and the related auditor's report: Indian GAAP standalone.
2. Audited IFRS Consolidated Interim Financial Statements (INR).
3. Unaudited condensed Consolidated Interim Financial Statements in US\$ prepared in compliance with the International Financial Reporting Standards (IFRS).

Infosys is concerned about the environment and utilizes natural resources in a sustainable way. In order to intensify our paper conservation drive, from the quarter ended June 30, 2010 onwards, we have hosted the quarterly report on the company's website so that it is easily accessible to the investors anytime. We request you to kindly update your email addresses with your depository participant. A physical copy of the report will be sent only on request. You can send the request to [investors@infosys.com](mailto:investors@infosys.com). Your cooperation will help conserve paper and minimize our impact on the environment.

This Report is furnished to investors for informational purposes only. Investors should continue to rely on the official filed versions of financial statements and related information and not rely on this Report while making investment decisions. Investors in our securities registered and traded in the United States of America should rely on official filings with the United States Securities and Exchange Commission.

## Safe Harbor

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Statements in connection with this release may include forward-looking statements within the meaning of U.S. Securities laws intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act. These forward-looking statements are subject to risks and uncertainties including those described in our SEC filings available at [www.sec.gov](http://www.sec.gov), including our Annual Report on Form 20-F for the year ended March 31, 2013, and our other recent filings, and actual results may differ materially from those projected by forward-looking statements. We may make additional written and oral forward-looking statements, but do not undertake, and disclaim any obligation, to update them, unless required by law.